

CITY OF GREENFIELD, IOWA
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
WITH
INDEPENDENT AUDITORS' REPORT
FOR THE YEAR ENDED JUNE 30, 2008

CITY OF GREENFIELD, IOWA

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CITY OF GREENFIELD, IOWA**OFFICIALS AND BOND COVERAGE
AS OF AND FOR THE YEAR ENDED JUNE 30, 2008**

| Name | Title | Term Expires | Bond Coverage |
|------------------|-------------------------|---------------------|----------------------|
| Randy Standely | Mayor | 12/31/2011 | \$ 10,000 |
| Kevin Hall | Council Member | 12/31/2009 | 10,000 |
| Debra Houghtling | Council Member | 12/31/2009 | 10,000 |
| Ron Smith | Council Member | 12/31/2009 | 10,000 |
| Lynn Harris | Council Member | 12/31/2011 | 10,000 |
| Carol Woosley | Council Member | 12/31/2011 | 10,000 |
| Richard Kohler | Utility Trustee | 12/31/2008 | 10,000 |
| Phil Cannon | Utility Trustee | 12/31/2010 | 10,000 |
| Lynne Don Carlos | Utility Trustee | 12/31/2012 | 10,000 |
| Roleen Chiles | Library Trustee | 7/1/2009 | 10,000 |
| Rana Glade | Library Trustee | 7/1/2009 | 10,000 |
| Marilyn Nickel | Library Trustee | 7/1/2009 | 10,000 |
| George Pierce | Library Trustee | 7/1/2009 | 10,000 |
| Dick Kuhl | Library Trustee | 7/1/2010 | 10,000 |
| Linda Kintigh | Library Trustee | 7/1/2010 | 10,000 |
| Larry Means | Library Trustee | 7/1/2010 | 10,000 |
| Rebecca Haase | City Clerk/Treasurer | Indefinite | 40,000 |
| Twyla Faust | City Deputy Clerk | Indefinite | 40,000 |
| Duane Armstead | Utility General Manager | Indefinite | 40,000 |

O'Donnell, Ficenec, Wills & Ferdig, LLP

Certified Public Accountants

4815 South 107th Avenue

Omaha, Nebraska 68127-1904

402-592-3800
Fax: 402-592-7747
www.ofwf.com

Gerald A. Wills, C.P.A.
Ronald W. Ferdig, C.P.A.
Lawrence A. Wolfe, C.P.A.
Richard P. Edgar, C.P.A.
Steven M. Povich, C.P.A.
John Keblesh, C.P.A.

Gregory A. Harr, C.P.A.
Dwain E. Wulf, C.P.A.
Daniel R. Holt, C.P.A.
Daniel A. Dudley, C.P.A.
Geoffrey F. Schnathorst, C.P.A.
Catherine T. Kellogg, C.P.A.

INDEPENDENT AUDITORS' REPORT

City of Greenfield
Greenfield, Iowa

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund of the City of Greenfield, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City of Greenfield's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, and each major fund of the City of Greenfield as of June 30, 2008, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2009, on our consideration of the City of Greenfield's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The Budgetary Comparisons on pages 20 and 21 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board (GASB). We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The City of Greenfield has not presented Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Greenfield's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 2007 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplemental information on pages 22 through 25 is presented for purposes of additional analysis and is also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

O'DONNELL, FICENEC, WILLS & FERDIG, LLP

By



Certified Public Accountant

January 29, 2009

FINANCIAL STATEMENTS

CITY OF GREENFIELD, IOWA

STATEMENT OF ACTIVITIES AND NET ASSETS - CASH BASIS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2008

| | Program Disbursements | Program Receipts | | | Net (Expense) Revenue |
|------------------------------------|-----------------------|----------------------|------------------------------------|----------------------------------|-----------------------|
| | | Charges For Services | Operating Grants and Contributions | Capital Grants and Contributions | |
| FUNCTIONS/PROGRAMS: | | | | | |
| Primary Government - | | | | | |
| Governmental Activities - | | | | | |
| Public Safety | \$ 172,870 | \$ - | \$ 16,322 | \$ - | \$ (156,548) |
| Public Works | 281,578 | 13,725 | 182,397 | - | (85,456) |
| Culture and Recreation | 93,386 | 29,310 | - | - | (64,076) |
| Community and Economic Development | 17,555 | - | - | - | (17,555) |
| General Government | 260,166 | 7,141 | - | - | (253,025) |
| Debt Service | 50,190 | - | - | - | (50,190) |
| Capital Projects | 2,932,314 | - | - | 73,222 | (2,859,092) |
| Total Governmental Activities | 3,808,059 | 50,176 | 198,719 | 73,222 | (3,485,942) |
| Business Type Activities - Sewer | 138,223 | 226,955 | - | - | 88,732 |
| Total of Primary Government | <u>\$ 3,946,282</u> | <u>\$ 277,131</u> | <u>\$ 198,719</u> | <u>\$ 73,222</u> | <u>\$ (3,397,210)</u> |
| Components: | | | | | |
| Governmental Activities - | | | | | |
| Library | \$ 120,993 | \$ 1,202 | \$ 17,241 | \$ - | \$ (102,550) |
| Business Type Activities - | | | | | |
| Water | 738,711 | 496,953 | - | 149,799 | (91,959) |
| Electric | 4,065,494 | 3,370,451 | - | - | (695,043) |
| Total of Components | <u>\$ 4,925,198</u> | <u>\$ 3,868,606</u> | <u>\$ 17,241</u> | <u>\$ 149,799</u> | <u>\$ (889,552)</u> |

(Continued)

See Independent Auditors' Report and Notes to Financial Statements

CITY OF GREENFIELD, IOWA

STATEMENT OF ACTIVITIES AND NET ASSETS - CASH BASIS (CONTINUED)
AS OF AND FOR THE YEAR ENDED JUNE 30, 2008

| | Primary Government | | | Total of Components |
|--|----------------------------|--------------------------------|--------------------------------|------------------------|
| | Governmental Activities | Business Type Activities | Total Primary Government | |
| CHANGES IN NET ASSETS: | | | | |
| Net (Expense) Revenue (Continued from Previous Page) | \$ (3,485,942) | \$ 88,732 | \$ (3,397,210) | \$ (889,552) |
| General Receipts - | | | | |
| Property and Utility Taxes Levied for - | | | | |
| General Purposes | 338,634 | - | 338,634 | - |
| Employee Benefits | 133,273 | - | 133,273 | - |
| Tax Increment Financing | 206,200 | - | 206,200 | - |
| Debt Service | 51,129 | - | 51,129 | - |
| Local Option Sales Tax | 160,856 | - | 160,856 | - |
| Use of Money (Interest) and Property | 104,334 | 63,827 | 168,161 | 116,517 |
| Special Assessments | 106,092 | - | 106,092 | - |
| Miscellaneous | 23,215 | 217 | 23,432 | 8,267 |
| Proceeds of Debt (Net of Discount) | 2,427,767 | - | 2,427,767 | - |
| Remitted Sewer Fees - Net | - | - | - | (19,747) |
| Operating Transfers From (To) | (66,018) | (47,495) | (113,513) | 113,513 |
| Payment to City from Electric | 100,000 | - | 100,000 | (100,000) |
| Total General Receipts and Transfers | <u>3,585,482</u> | <u>16,549</u> | <u>3,602,031</u> | <u>118,550</u> |
| Change in Cash Basis Net Assets | 99,540 | 105,281 | 204,821 | (771,002) |
| Cash Basis Net Assets - Beginning of Year | 1,538,868 | 1,612,500 | 3,151,368 | 2,693,732 |
| Cash Basis Net Assets - End of Year | <u>\$ 1,638,408</u> | <u>\$ 1,717,781</u> | <u>\$ 3,356,189</u> | <u>\$ 1,922,730</u> |
| CASH BASIS NET ASSETS: | | | | |
| Restricted for - | | | | |
| Road Use Tax Fund Activity | \$ 291,182 | \$ - | \$ 291,182 | \$ - |
| Employee Benefits Fund Activity | 47,793 | - | 47,793 | - |
| Local Option Tax Fund Activity | 357,723 | - | 357,723 | - |
| T I F Fund Activity | 300,637 | - | 300,637 | - |
| Debt Service Fund Activity | 424,807 | - | 424,807 | 836,579 |
| Unrestricted | 216,266 | 1,717,781 | 1,934,047 | 1,086,151 |
| Total Cash Basis Net Assets | <u>\$ 1,638,408</u> | <u>\$ 1,717,781</u> | <u>\$ 3,356,189</u> | <u>\$ 1,922,730</u> |

See Independent Auditors' Report and Notes to Financial Statements

CITY OF GREENFIELD

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2008**

| | General | Special Revenue | | | |
|---|------------|-----------------|---------------------|---------------------|------------|
| | | Road Use Tax | Employee Benefit | Local Option Tax | TIF |
| RECEIPTS: | | | | | |
| Property/Other Allocated Taxes | \$ 334,026 | \$ - | \$ 131,459 | \$ - | \$ 206,200 |
| Other City Taxes | 4,608 | - | 1,814 | 160,856 | - |
| Licenses and Permits | 5,651 | - | - | - | - |
| Use of Money (Interest) and Property | 104,334 | - | - | - | - |
| Intergovernmental | 16,322 | 182,397 | - | - | - |
| Charges for Services | 44,525 | - | - | - | - |
| Special Assessments | - | - | - | - | - |
| Miscellaneous | 23,215 | - | - | - | - |
| Total Receipts | 532,681 | 182,397 | 133,273 | 160,856 | 206,200 |
| DISBURSEMENTS: | | | | | |
| Operating - | | | | | |
| Public Safety | 155,794 | - | 17,076 | - | - |
| Public Works | 109,627 | 165,372 | 6,579 | - | - |
| Culture and Recreation | 89,323 | - | 4,063 | - | - |
| Community Economic Development | 17,555 | - | - | - | - |
| General Government | 253,643 | - | 6,523 | - | - |
| Debt Service | - | - | - | - | - |
| Capital Projects | - | - | - | - | - |
| Total Disbursements | 625,942 | 165,372 | 34,241 | - | - |
| Excess (Deficiency) of Receipts over Disbursements | (93,261) | 17,025 | 99,032 | 160,856 | 206,200 |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Payment from Electric to City | 100,000 | - | - | - | - |
| Proceeds of Debt | - | - | - | - | - |
| Transfers In | 137,074 | - | - | - | - |
| Transfers Out | (113,513) | - | (137,074) | - | (177,772) |
| Excess (Deficiency) of Receipts and Other Financing Sources (Uses) over Disbursements | 30,300 | 17,025 | (38,042) | 160,856 | 28,428 |
| Cash Balances - Beginning of Year | 185,966 | 274,157 | 85,835 | 196,867 | 272,209 |
| Cash Balances - End of Year | \$ 216,266 | \$ 291,182 | \$ 47,793 | \$ 357,723 | \$ 300,637 |
| CASH BASIS FUND BALANCES: | | | | | |
| Unreserved | \$ 216,266 | \$ 291,182 | \$ 47,793 | \$ 357,723 | \$ 300,637 |
| Total Cash Basis Fund Balances | \$ 216,266 | \$ 291,182 | \$ 47,793 | \$ 357,723 | \$ 300,637 |

(Continued)

See Independent Auditors' Report and Notes to Financial Statements.

CITY OF GREENFIELD

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BALANCES
GOVERNMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2008**

| | Debt Service | Capital Projects | Primary Government Total | Component Library | Governmental Funds Totals |
|---|-------------------|---------------------|--------------------------------|----------------------|---------------------------------|
| RECEIPTS: | | | | | |
| Property/Other Taxes | \$ 50,411 | \$ - | \$ 722,096 | \$ - | \$ 722,096 |
| Other City Taxes | 718 | - | 167,996 | - | 167,996 |
| Licenses and Permits | - | - | 5,651 | - | 5,651 |
| Use of Money (Interest) and Property | - | - | 104,334 | 1,432 | 105,766 |
| Intergovernmental | - | 17,222 | 215,941 | 9,980 | 225,921 |
| Charges for Services | - | - | 44,525 | 1,202 | 45,727 |
| Special Assessments | 106,092 | - | 106,092 | - | 106,092 |
| Miscellaneous | - | 56,000 | 79,215 | 5,829 | 85,044 |
| Total Receipts | <u>157,221</u> | <u>73,222</u> | <u>1,445,850</u> | <u>18,443</u> | <u>1,464,293</u> |
| DISBURSEMENTS: | | | | | |
| Operating - | | | | | |
| Public Safety | - | - | 172,870 | - | 172,870 |
| Public Works | - | - | 281,578 | - | 281,578 |
| Culture and Recreation | - | - | 93,386 | 120,993 | 214,379 |
| Community Economic Development | - | - | 17,555 | - | 17,555 |
| General Government | - | - | 260,166 | - | 260,166 |
| Debt Service | 50,190 | - | 50,190 | - | 50,190 |
| Capital Projects | - | 2,932,314 | 2,932,314 | - | 2,932,314 |
| Total Disbursements | <u>50,190</u> | <u>2,932,314</u> | <u>3,808,059</u> | <u>120,993</u> | <u>3,929,052</u> |
| Excess (Deficiency) of Receipts over Disbursements | 107,031 | (2,859,092) | (2,362,209) | (102,550) | (2,464,759) |
| OTHER FINANCING SOURCES (USES): | | | | | |
| Payment from Electric to City | - | - | 100,000 | - | 100,000 |
| Proceeds of Debt | - | 2,427,767 | 2,427,767 | - | 2,427,767 |
| Transfers In | 97,486 | 127,781 | 362,341 | 113,513 | 475,854 |
| Transfers Out | - | - | (428,359) | - | (428,359) |
| Excess (Deficiency) of Receipts and Other Financing Sources over Disbursements (Uses) | 204,517 | (303,544) | 99,540 | 10,963 | 110,503 |
| Cash Balances - Beginning of Year | 220,290 | 303,544 | 1,538,868 | 75,268 | 1,614,136 |
| Cash Balances - End of Year | <u>\$ 424,807</u> | <u>\$ -</u> | <u>\$ 1,638,408</u> | <u>\$ 86,231</u> | <u>\$ 1,724,639</u> |
| CASH BASIS FUND BALANCES: | | | | | |
| Unreserved | \$ 424,807 | \$ - | \$ 1,638,408 | \$ 86,231 | \$ 1,724,639 |
| Total Cash Basis Fund Balances | <u>\$ 424,807</u> | <u>\$ -</u> | <u>\$ 1,638,408</u> | <u>\$ 86,231</u> | <u>\$ 1,724,639</u> |

See Independent Auditors' Report and Notes to Financial Statements.

CITY OF GREENFIELD

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN CASH BALANCES
PROPRIETARY FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2008**

| | Primary Government Sewer | Components Water | Electric | Proprietary Funds Totals |
|--|--------------------------------|---------------------|---------------------|--------------------------------|
| RECEIPTS: | | | | |
| Use of Money (Interest) and Property | \$ 63,827 | \$ 5,361 | \$ 111,156 | \$ 180,344 |
| Charges for Services | 226,955 | 496,953 | 3,370,451 | 4,094,359 |
| Miscellaneous | <u>217</u> | <u>4,018</u> | <u>4,249</u> | <u>8,484</u> |
| Total Receipts | 290,999 | 506,332 | 3,485,856 | 4,283,187 |
| DISBURSEMENTS: | | | | |
| Business Type Activities | 111,569 | 491,583 | 2,853,162 | 3,456,314 |
| Debt Service | - | 20,000 | 487,041 | 507,041 |
| Capital Outlays | <u>26,654</u> | <u>227,128</u> | <u>725,291</u> | <u>979,073</u> |
| Total Disbursements | <u>138,223</u> | <u>738,711</u> | <u>4,065,494</u> | <u>4,942,428</u> |
| Excess (Deficiency) of Receipts Over Disbursements | 152,776 | (232,379) | (579,638) | (659,241) |
| OTHER FINANCING SOURCES (USES): | | | | |
| Payment to City | - | - | (100,000) | (100,000) |
| Sewer Fees - Net Pay Out | - | - | (19,747) | (19,747) |
| Contribution-in-Aid of Construction | - | 149,799 | - | 149,799 |
| Proceeds of Debt (Net of Discount) | - | - | - | - |
| Transfers In | - | 12,600 | - | 12,600 |
| Transfers Out | <u>(47,495)</u> | <u>-</u> | <u>(12,600)</u> | <u>(60,095)</u> |
| Excess (Deficiency) of Receipts and Other Financing Sources Over Disbursements (Uses) | 105,281 | (69,980) | (711,985) | (676,684) |
| Cash Balances - Beginning of Year | 1,612,500 | 141,004 | 2,477,460 | 4,230,964 |
| Cash Balances - End of Year | <u>\$ 1,717,781</u> | <u>\$ 71,024</u> | <u>\$ 1,765,475</u> | <u>\$ 3,554,280</u> |
| CASH BASIS FUND BALANCES: | | | | |
| Reserved for Debt Service | \$ - | \$ - | \$ 836,579 | \$ 836,579 |
| Unreserved - | | | | |
| Designated Diesel Replacement | - | - | 450,000 | 450,000 |
| Undesignated | <u>1,717,781</u> | <u>71,024</u> | <u>478,896</u> | <u>2,267,701</u> |
| Total Cash Basis Fund Balances | <u>\$ 1,717,781</u> | <u>\$ 71,024</u> | <u>\$ 1,765,475</u> | <u>\$ 3,554,280</u> |

See Independent Auditors' Report and Notes to Financial Statements.

CITY OF GREENFIELD, IOWA

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. **General -**

City of Greenfield (the City) is a political subdivision of the State of Iowa located in Adair County. The City operates under the mayor-council form of government with the mayor and council members elected on a nonpartisan basis. The City provides numerous services to citizens including public safety, public works, health and social services, culture and recreation, community and economic development and general government services. In addition, the City operates an airport and sewer system and, through its components, operates a water system, electric system and public library.

B. **Financial Reporting Entity -**

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*. GASB Statement No. 14, as amended, criteria to determine financial accountability include:

1. Appointing a voting majority of an organization's governing body,
2. The ability of the City to impose its will on that organization, or
3. The potential for the component unit to provide specific benefits to, or impose specific financial burdens on the City.

The City has considered all funds, organizations, account groups, agencies, boards, commissions and authorities as potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. For financial reporting purposes, the City of Greenfield (the primary government) has included the following component units in the City's reporting entity:

Greenfield Public Library
Greenfield Municipal Utilities

Discretely Presented Component Units -

Greenfield Public Library (Library) is governed by a seven-person board, some appointed by the City Council, and some by the County Board of Supervisors, but whose operating budget and funding is provided by the City Council. The Library does not issue separate financial statements.

Greenfield Municipal Utilities (GMU) is governed by a three-person board of trustees appointed by the City Council. GMU operates water and electric utilities, which operating budgets are included in the City's overall budget. The water and electric financial statements included as part of the City's financial statements are presented on the cash basis of accounting. Financial statements for each department, on the accrual basis, are available separately.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Jointly Governed Organizations -

The City also participates in several jointly governed organizations that provide goods or services to the citizenry of the City but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: SICOG Project Board, Adair County Sanitary Disposal Commission, SIRWA, E911 Service Board, and Greater Greenfield Community Foundation.

C. Basis of Presentation -

The accompanying financial statements are presented on the basis of cash receipts and disbursements. This modified basis of accounting differs from accounting principles generally accepted in the United States. Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the proprietary funds financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

Government-wide Financial Statements -

The Statement of Activities and Net Assets display financial information about the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from the financial information. This financial statement distinguishes between governmental and business-type activities. Accordingly, governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely primarily on fees and charges for services.

The Statement of Activities and Net Assets presents the reporting entity's net assets in two components:

1. Restricted net assets: Result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation, and
2. Unrestricted net assets: Consist of net assets that do not meet the definition of restricted. Unrestricted net assets often have constraints (designations) on resources imposed by the City Council, which may be removed or modified at any time.

The Statement of Activities and Net Assets also demonstrates the degree to which the direct disbursements of a given program, or function, are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts are presented as three types:

1. Charges for Services: Consist of charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function,
2. Operating Grants and Contributions: Consists of non-exchange revenue and interest on investments restricted to meeting the operational expenses of a particular function, and,

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Capital Grants and Contributions: Consists of non-exchange revenue and interest on investments restricted to meeting the capital requirements of a particular function.

Property tax and other items, not properly included as program receipts, are instead reported as general receipts.

Specific Program Receipts Included in General Descriptions Above -

In the Statement of Activities, cash basis revenues that are derived directly from each activity, or function, are reported as program revenue receipts. The City and Library governmental funds have the following program receipts in each activity:

| | |
|------------------------|---|
| Public Safety | Fine revenue and intergovernmental fire reimbursements |
| Public Works | Road use taxes, aviation fuel sales, hanger rents |
| Culture and Recreation | Swimming pool and camping fees, other recreation fees |
| General Government | License and permits, building expense reimbursements and miscellaneous user fees |
| Library | Late fees, copier fees and operational contributions of county and township funding |

Program revenues for City proprietary funds and similar components are from user fees charged for the services provided to the users and all other related revenues not related to capital and noncapital financing or investing activities.

Funds Financial Statements -

The accounts of the City and its components are organized on the basis of funds, each of which is considered a separate accounting entity. The funds financial statements display information about the government by reporting major funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its receipts, disbursements and cash and investment balances. Funds are reported as either governmental or proprietary type funds. The reporting entity has no fiduciary funds. A separate fund financial statement is presented for each fund type group.

Within the governmental and proprietary type categories, emphasis is placed on major funds. A fund is considered major if its total assets and expenditures meet criteria defined by GASB 34. Alternatively, management may determine that all funds should be reported as major funds. The accompanying Funds Financial Statements report all funds as major funds, as follows:

Governmental Fund Types -

City General Fund - This fund is the operating fund of the City. All property tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. Disbursements from this fund are for all operating expenses/expenditures, fixed charges and capital improvement costs that are not paid from other funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

City Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources that are either legally restricted to expenditures for specified purposes or designated to finance particular functions or activities of the City. The reporting entity includes the following special revenue funds:

Road Use Tax Fund, accounts for gasoline excise taxes received and restricted for road and street construction and maintenance disbursements.

Employee Benefit Fund, accounts for a special property tax levy for employer matching social security and Medicare taxes and employee group insurance.

Local Option Sales Tax (LOST) Fund, accounts for revenues from the local option tax authorized by the voters for capital improvements and maintenance disbursements, as determined by the City Council.

Tax Increment Financing Fund, accounts for incremental property taxes associated with urban renewal districts improvements and debt service.

City Debt Service Fund - This fund is used to account for property taxes and other resources collected and disbursed for payment of interest and principal on the City's general long-term debt.

City Capital Projects Fund - This fund is used to account for all expenditures associated with significant construction or improvements projects and proceeds of related interim debt. During the current year the airport apron improvements and the public square re-construction were accounted for in the capital projects fund.

Library Special Revenue Fund (Component Unit) - This fund is used to account for all general tax and other receipts specifically for the Library. Disbursements from this fund are for all Library operating expenses/expenditures and fixed charges and capital improvement costs.

Proprietary Fund Types -

City Sewer Fund - This fund is used to account for all user charges and other receipts and all disbursements associated with operations and maintenance of the City's wastewater and sewer systems.

Water and Electric Funds (Component Unit) - GMU operates water and electric departments which funds are used to account for all user charges and other receipts and all disbursements associated with operations and maintenance of providing potable water and electric energy to the citizens of the City.

D. **Measurement Focus and Basis of Accounting -**

Basis of accounting refers to when revenues and expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

The City and its Library component maintain financial records on the basis of cash receipts and disbursements and the accompanying financial statements are presented on that basis. The GMU component unit maintains its water and electric records on the accrual basis, which are converted

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

to cash receipts and disbursements for inclusion in the City reporting entity. The cash basis of accounting does not give effect to accounts receivable, accounts payable, depreciation and accrued items. Accordingly, the accompanying financial statements do not present the financial position and results of operations of the funds in accordance with accounting principles generally accepted in the United States.

The City and Library are not required to and do not maintain a fixed asset or infrastructure accounting record. Greenfield Municipal Utilities, for the water and electric systems, does maintain fixed asset records which information is included in their separately issued accrual financial statements.

E. *Use of Estimates* -

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

F. *Budgets and Budgetary Accounting* -

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds and component units, except for agency, internal service and nonexpendable trust funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures. The budgetary comparison and related disclosures are reported as Required Supplementary Information.

NOTE 2 - DEPOSITS AND INVESTMENTS

The deposits of the reporting entity at June 30, 2008, were entirely covered by federal depository insurance, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

All members of the reporting entity are authorized by statute to invest public funds in obligations of the United States Government or any of its agencies and instrumentalities, in time deposits or savings accounts in depositories approved by the governing bodies and Treasurer of the State of Iowa, prime eligible banker's acceptances, certain high-rated commercial paper, perfected repurchase agreements, certain registered open-end management investment companies, certain joint investment trusts, and warrants or improvement certificates of drainage districts.

NOTE 3 - SPECIAL ASSESSMENTS

Special assessments for infrastructure and capital improvements for the public square were levied during 2006 and 2008 in the total amount of \$306,038 and are due in ten annual installments beginning July 1, 2006, for Phase 1 and July 1, 2008, for Phase 2. Installment payments bear Interest at 5.85% per annum until delinquent and then at the same rate as delinquent local real estate taxes. As of June 30, 2008, the principal balance still due was \$130,528.98. During the current year, \$106,092 of collections was included as revenue in the debt service fund.

NOTE 4 - LONG-TERM DEBT

Long-term debt is segregated between amounts to be repaid from governmental activities and amounts to be repaid from proprietary activities. Outstanding debt as of June 30, 2008, is as follows:

Governmental -

City General Obligation Debt -

Municipal Building Notes bearing interest at
5.30 percent (TIF District Debt) \$ 50,000

Public Square Improvement Bonds bearing
interest at 3.30 to 3.90 percent (TIF District Debt) 2,470,000

Proprietary -

GMU General Obligation Debt -
Water Department Owed to CIPCO with no interest \$ 120,000

GMU Revenue Obligation Debt -
2001 Series Electric Notes bearing interest at 4.80 to
5.40 percent 1,275,000

2003 Series Electric Refunding Notes bearing interest at
2.7 to 3.2 percent 375,000

2006 Series Electric Capital Improvement Notes bearing
interest at 4.00 to 4.60 percent 1,165,000

SIMECA Capitalized Lease bearing interest at 4.40 to
5.30 percent 997,000

Changes in all long-term obligations for the year ended June 30, 2008, are as follows:

| | Balances July 1, 2007 | Additions | Reductions | Balances June 30, 2008 | Amounts Due Within One Year |
|------------------------------------|-----------------------------|---------------------|---------------------|------------------------------|--------------------------------------|
| Governmental Activities - | | | | | |
| Municipal Building | \$ 95,000 | \$ - | \$ 45,000 | \$ 50,000 | \$ 50,000 |
| Public Square Project | 2,450,000 | - | 2,450,000 | - | - |
| Public Square Improvement Bonds | - | 2,470,000 | - | 2,470,000 | 55,000 |
| | <u>\$ 2,545,000</u> | <u>\$ 2,470,000</u> | <u>\$ 2,495,000</u> | <u>\$ 2,520,000</u> | <u>\$ 110,000</u> |
| Proprietary Activities - | | | | | |
| CIPCO Water | \$ 140,000 | \$ - | \$ 20,000 | \$ 120,000 | \$ 20,000 |
| 2001 Series Electric | 1,300,000 | - | 25,000 | 1,275,000 | 20,000 |
| 2003 Series Electric | 495,000 | - | 120,000 | 375,000 | 120,000 |
| 2006 Series Electric | 1,220,000 | - | - | 1,165,000 | 85,000 |
| SIMECA Lease Electric | 1,085,000 | - | 88,000 | 997,000 | 91,000 |
| | <u>\$ 4,240,000</u> | <u>\$ -</u> | <u>\$ 253,000</u> | <u>\$ 3,932,000</u> | <u>\$ 336,000</u> |

NOTE 4 - LONG-TERM DEBT (Continued)

Future debt service requirements to maturities of principal and interest are as follows:

Governmental Activities -

| Year Ending June 30, | City | | City | | Total Requirement |
|----------------------------|----------------------|------------------------|----------------------|------------------------|----------------------|
| | General Principal | Obligation Interest | General Principal | Obligation Interest | |
| 2009 | \$ 50,000 | \$ 2,650 | \$ 55,000 | \$ 131,153 | \$ 238,803 |
| 2010 | - | - | 230,000 | 87,947 | 317,947 |
| 2011 | - | - | 240,000 | 80,358 | 320,358 |
| 2012 | - | - | 245,000 | 72,197 | 317,197 |
| 2013 | - | - | 255,000 | 63,623 | 318,623 |
| 2014 | - | - | 265,000 | 54,570 | 319,570 |
| 2015 | - | - | 275,000 | 45,030 | 320,030 |
| 2016 | - | - | 290,000 | 34,855 | 324,855 |
| 2016 | - | - | 300,000 | 23,835 | 323,835 |
| 2017 | - | - | 315,000 | 12,285 | 327,285 |
| | <u>\$ 50,000</u> | <u>\$ 2,650</u> | <u>\$ 2,470,000</u> | <u>\$ 605,853</u> | <u>\$ 3,128,503</u> |

Proprietary Activities - (including capitalized lease obligation)

| Year Ending June 30, | GMU Water | | GMU Electric | | Total Requirement |
|----------------------------|----------------------|------------------------|----------------------|-------------------------|----------------------|
| | General Principal | Obligation Interest | Revenue Principal | Obligations Interest | |
| 2009 | \$ 20,000 | \$ - | \$ 316,000 | \$ 173,121 | \$ 509,121 |
| 2010 | 20,000 | - | 331,000 | 161,153 | 512,153 |
| 2011 | 20,000 | - | 340,000 | 148,166 | 508,166 |
| 2012 | 20,000 | - | 360,000 | 132,949 | 512,949 |
| 2013 | 20,000 | - | 375,000 | 115,358 | 510,358 |
| 2014 | 20,000 | - | 390,000 | 96,743 | 506,743 |
| 2015 | - | - | 415,000 | 76,878 | 491,878 |
| 2016 | - | - | 417,000 | 56,050 | 473,050 |
| 2017 | - | - | 438,000 | 34,241 | 472,241 |
| 2018 | - | - | 80,000 | 17,610 | 97,610 |
| 2019 | - | - | 80,000 | 14,070 | 94,070 |
| 2020 | - | - | 85,000 | 10,378 | 95,378 |
| 2021 | - | - | 90,000 | 6,417 | 96,417 |
| 2022 | - | - | 95,000 | 2,185 | 97,185 |
| | <u>\$ 120,000</u> | <u>\$ -</u> | <u>\$ 3,812,000</u> | <u>\$ 1,045,319</u> | <u>\$ 4,977,319</u> |

NOTE 4 - LONG-TERM DEBT (Continued)

Resolutions providing for the issuance of the GMU revenue obligations include the following provisions:

- a. The bonds will only be redeemed from the future earnings of the enterprise activity and the bondholders hold a lien on the future earnings.
- b. Sufficient cash transfers shall be made to an electric revenue bond and interest account for the purpose of making the next annual principal and interest payments when due. This account was fully funded at June 30, 2008.
- c. Additional cash transfers shall be made to an electric revenue bond reserve account until such account reaches a maximum balance of \$342,000. This amount is restricted for paying principal and interest which the bond and interest account may be unable to pay. This account was fully funded at June 30, 2008.
- d. Cash transfers shall be made to an electric improvement account until such account reaches a maximum balance of \$150,000. This account is restricted for paying for extraordinary maintenance costs, rentals, improvements, extensions or repairs to the system not included in the annual budget of revenues and current expenses, and bond principal and interest. This account was fully funded at June 30, 2008.

Information regarding the capitalized lease-purchase contract included in above total requirements is as follows:

The component, Greenfield Municipal Utilities, is the lessee of two generation units installed in its service territory under a capital lease expiring March 1, 2017. The cost of the assets acquired under this capital lease is \$1,982,548. This lease-purchase agreement is with lessor South Iowa Municipal Electric Cooperative Association (SIMECA), in the principal amount of \$1,479,327, which is GMU's share of total revenue notes issued by lessor to fund the lease. Interest rates on the capitalized lease, which vary from 4.40 to 5.30 percent, are the same rates paid by lessor. GMU is required to deposit a monthly amount (currently \$11,000) sufficient to meet its share of the payments on the underlying debt, which payments are due semiannually with future minimum payments as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|-------------------|-------------------|---------------------|
| 2009 | \$ 91,000 | \$ 49,636 | \$ 140,636 |
| 2010 | 96,000 | 45,633 | 141,633 |
| 2011 | 100,000 | 41,216 | 141,216 |
| 2012 | 105,000 | 36,466 | 141,466 |
| 2013 | 110,000 | 31,322 | 141,322 |
| 2014 | 115,000 | 25,821 | 140,821 |
| 2015 | 120,000 | 19,957 | 139,957 |
| 2016 | 127,000 | 13,717 | 140,717 |
| 2017 | 133,000 | 7,049 | 140,049 |
| Totals | <u>\$ 997,000</u> | <u>\$ 270,817</u> | <u>\$ 1,267,817</u> |

NOTE 5 - PENSION AND RETIREMENT BENEFITS

The City, including its components, contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing, multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits as established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Most regular plan members are required to contribute 3.90% of their annual covered salary and the City, including its components, is required to contribute 6.05% of annual covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by State statute. The City's contribution to IPERS for the years ended June 30, 2008, 2007 and 2006, was \$52,195, \$47,909 and \$46,500, respectively, which met the required contributions for each year.

NOTE 6 - DEFERRED COMPENSATION PLAN

The City, together with its components, offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all employees, permits them to defer a portion of their current salary until future years. The employee becomes eligible to withdraw funds upon termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are held in a third party trust for the exclusive benefit of participants and their beneficiaries.

NOTE 7 - COMPENSATED ABSENCES

City and component employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, retirement or death. These accumulations are not recognized as expenditures by the City or by its components until used or paid. The approximate liability for vested compensated absences at June 30, 2008, based on rates of pay then in effect and primarily relating to the general fund and enterprise funds, is as follows:

| | City | Library | GMU | Total |
|---------------|-----------------|------------------|------------------|------------------|
| Vacation | \$12,290 | \$ 3,287 | \$ 22,580 | \$ 38,157 |
| Sick Leave | 49,596 | 7,862 | 50,867 | 108,325 |
| Personal Time | 904 | - | 2,243 | 3,147 |
| Totals | <u>\$62,790</u> | <u>\$ 11,149</u> | <u>\$ 75,690</u> | <u>\$149,629</u> |

NOTE 8 - INTERFUND TRANSFERS

The City pays GMU for utility services used and GMU makes a contribution payment to the City. For the year ended June 30, 2008, the City received a payment of \$100,000 from the GMU Electric Department.

NOTE 8 - INTERFUND TRANSFERS (Continued)

Transfers generally move resources from the fund statutorily required to collect the resources to the fund which may statutorily disburse the resources. Details of all transfers between funds of the primary government and between the primary government and/or its components for the current year, are as follows:

| | |
|---|-------------------|
| From City General Fund to Library | \$ 113,513 |
| From City Employee Benefit Fund to City General Fund | 137,074 |
| From City Tax Increment Financing Fund to City Debt Service Fund | 49,990 |
| From City Tax Increment Financing Fund to Capital Projects for Square | 127,781 |
| From City Sewer Fund to City Debt Service Fund | 47,495 |
| From GMU Electric Fund to GMU Water Funds | <u>12,600</u> |
| Subtotal | 488,453 |
| Payment from GMU Electric Fund to City General Fund | 100,000 |
| Total | <u>\$ 588,453</u> |

NOTE 9 - RELATED PARTY TRANSACTIONS

During the year ended June 30, 2008, the City had business transactions with City officials totaling \$1,100.

NOTE 10 - RISK MANAGEMENT

The City of Greenfield and its components are exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks, except for loss of infrastructure, are covered by the purchase of commercial insurance. The City or its components assume liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 11 - COMMITMENTS

The City and/or its components have the following commitments at June 30, 2008:

- A. The City has contracted with the Adair County Sanitary Disposal Commission for solid waste disposal. The contract provides for the rate to be the amount necessary to fund the City's proportionate share of the disposal commission's budgeted expenses and runs from inception, June 30, 1973, until terminated. For the year ended June 30, 2008, \$20,997 was paid pursuant to this agreement.
- B. The component, Greenfield Municipal Utilities, has a 40 year contract with Southern Iowa Rural Water Association (SIRWA) and a 10 year contract with the City of Fontanelle to provide for an agreed upon sale price potable water. The quantity provided to SIRWA and Fontanelle may be limited to 52,257,879 gallons and 20,000,000 gallons per year, respectively.
- C. The Greenfield Municipal Utilities Electric Plant has a power plant substation improvement project in progress with several contracts totaling \$1,141,819. As of the year ended June 30, 2008, \$32,859 was remaining to be paid on these contracts.

NOTE 11 - COMMITMENTS (Continued)

- D. Greenfield Municipal Utilities is one of twelve members of SIMECA (South Iowa Municipal Electric Cooperative Association). SIMECA is a member of Central Iowa Power Cooperative (CIPCO) and is party to a long-term (15.5 years) contract with CIPCO for the purchase and redistribution to its members electric energy. This contract runs to December 31, 2008, and then renews for five years under the same terms. There are no minimum payments required by this contract.

NOTE 12 - BUDGET OVERSPEND

The City disbursements for the year for Capital Projects programs exceeded the amount budgeted by \$2,932,314. The overall project was approved in the prior year and the overspend is directly attributed to payment of construction debt with proceeds of permanent debt.

In addition, general government and business type activities proprietary funds' expenditures exceeded the amount budgeted by \$7,617 and \$10,467, respectively.

CITY OF GREENFIELD, IOWA

SUPPLEMENTARY INFORMATION

CITY OF GREENFIELD, IOWA

BUDGETARY COMPARISON SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN BALANCES
BUDGET AND ACTUAL - ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2008

| | Governmental Funds Actual | Proprietary Funds Actual | Net Actual | Budgeted Amounts Original | Final | Positive (Negative) Variance, Final To Net Actual |
|--|---------------------------------|--------------------------------|---------------|------------------------------|--------------|---|
| RECEIPTS: | | | | | | |
| Property Tax | \$ 515,896 | \$ - | \$ 515,896 | \$ 517,623 | \$ 517,623 | \$ (1,727) |
| Tax Increment Financing Receipts | 206,200 | - | 206,200 | 209,371 | 209,371 | (3,171) |
| Other City Taxes | 167,996 | - | 167,996 | 116,458 | 116,458 | 51,538 |
| Licenses and Permits | 5,651 | - | 5,651 | 8,400 | 8,400 | (2,749) |
| Use of Money (Interest) and Property | 105,766 | 180,344 | 286,110 | 21,000 | 21,000 | 265,110 |
| Intergovernmental | 225,921 | - | 225,921 | 50,000 | 50,000 | 175,921 |
| Charges for Services | 45,727 | 4,094,359 | 4,140,086 | 4,768,575 | 4,768,575 | (628,489) |
| Special Assessments | 106,092 | - | 106,092 | 204,871 | 204,871 | (98,779) |
| Miscellaneous | 85,044 | 8,484 | 93,528 | - | 5,000 | 88,528 |
| Total Receipts | 1,464,293 | 4,283,187 | 5,747,480 | 5,896,298 | 5,901,298 | (153,818) |
| DISBURSEMENTS: | | | | | | |
| Public Safety | 172,870 | - | 172,870 | 221,641 | 221,641 | 48,771 |
| Public Works | 281,578 | - | 281,578 | 398,277 | 398,277 | 116,699 |
| Health and Social Services | - | - | - | 500 | 500 | 500 |
| Culture and Recreation | 214,379 | - | 214,379 | 253,210 | 253,210 | 38,831 |
| Community and Economic Development | 17,555 | - | 17,555 | 19,556 | 19,556 | 2,001 |
| General Government | 260,166 | - | 260,166 | 222,549 | 252,549 | (7,617) |
| Debt Service | 50,190 | - | 50,190 | 2,639,109 | 3,039,109 | 2,988,919 |
| Capital Projects | 2,932,314 | - | 2,932,314 | - | - | (2,932,314) |
| Business Type Activities | - | 4,942,428 | 4,942,428 | 4,931,961 | 4,931,961 | (10,467) |
| Total Disbursements | 3,929,052 | 4,942,428 | 8,871,480 | 8,686,803 | 9,116,803 | 245,323 |
| Excess of Receipts Over Disbursements | (2,464,759) | (659,241) | (3,124,000) | (2,790,505) | (3,215,505) | 91,505 |
| OTHER FINANCING SOURCES (USES), NET | | | | | | |
| Excess of Receipts and Other Financing | 2,575,262 | (17,443) | 2,557,819 | 2,450,000 | 2,450,000 | 107,819 |
| Sources (Uses), Net Over Disbursements | 110,503 | (676,684) | (566,181) | (340,505) | (765,505) | 199,324 |
| Balances - Beginning of Year | 1,614,136 | 4,230,964 | 5,845,100 | 3,587,041 | 3,587,041 | 2,258,059 |
| Balances - End of Year | \$ 1,724,639 | \$ 3,554,280 | \$ 5,278,919 | \$ 3,246,536 | \$ 2,821,536 | \$ 2,457,383 |

CITY OF GREENFIELD, IOWA

NOTES TO BUDGETARY COMPARISON SCHEDULE

In accordance with the Code of Iowa, the City Council annually adopts a cash basis budget, which includes the City's components, following required public notice and hearing for all funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

The property tax calendar is as follows:

January 2
March 15
July 1
October - April

- Valuations set for ensuing levy
- Certified Budget to County Auditor
- Taxes levied are due and payable
- Taxes are delinquent and interest accrues at 1.5% a month from October 1 or April 1 to date of payment
- County publishes tax sale certificate and interest accrues at 2% a month

Formal and legal budgetary control is based upon ten major classes of disbursements, known as functions, not by fund or fund type. These ten functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects, business type activities and non-program transactions.

Functional disbursements required to be budgeted include disbursements for the General Fund, Special Revenue Funds, Debt Service Fund, Capital Projects Funds and Proprietary Funds. Although the budget document presents functional disbursements by fund, the legal level of control is at the aggregated functional level, not by fund.

Appropriations lapse at the end of the year.

Actual and final budget expenditure amounts for components included in the budgetary comparison are as follows:

| | Net Actual | Final Budget |
|--|-----------------------|-------------------------|
| Library, included as Culture and Recreation Function | \$ 120,993 | \$ 111,458 |
| Water Department Included as Business Type Activity | 738,711 | 663,170 |
| Electric Department Included as Business Type Activity | 4,065,494 | 4,003,791 |

CITY OF GREENFIELD, IOWA

SCHEDULE OF INDEBTEDNESS
ALL GOVERNMENTAL FUNDS AND PROPRIETARY FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2008

| Dates of Issue | Interest Rates | Amount Originally Issued | Balances Beginning of Year | Issued During the Year | Redeemed During the Year | Balances End of Year | Interest Paid | Interest Due and Unpaid |
|---|----------------|--------------------------|----------------------------|------------------------|--------------------------|----------------------|-------------------|-------------------------|
| PRIMARY GOVERNMENT: | | | | | | | | |
| 1/15/1997 | 5.30% | \$ 460,000 | \$ 95,000 | \$ - | \$ 45,000 | \$ 50,000 | \$ 4,990 | \$ - |
| 9/1/2005 | 3.30% | 2,450,000 | 2,450,000 | - | 2,450,000 | - | 16,333 | - |
| 12/15/2007 | 3.30-3.90% | 2,470,000 | - | 2,470,000 | - | 2,470,000 | - | - |
| | | | <u>\$ 2,545,000</u> | <u>\$ 2,470,000</u> | <u>\$ 2,495,000</u> | <u>\$ 2,520,000</u> | <u>\$ 21,323</u> | <u>\$ -</u> |
| COMPONENT GOVERNMENT: | | | | | | | | |
| 6/10/2004 | 0.00% | 200,000 | \$ 140,000 | \$ - | \$ 20,000 | \$ 120,000 | \$ - | \$ - |
| 5/1/2001 | 4.80-5.40% | 1,400,000 | \$ 1,300,000 | \$ - | \$ 25,000 | \$ 1,275,000 | \$ 67,212 | \$ - |
| 7/1/2003 | 2.70-3.20% | 840,000 | 495,000 | - | 120,000 | 375,000 | 12,590 | - |
| 11/15/06 | 4.00-4.60% | 1,220,000 | 1,220,000 | - | 55,000 | 1,165,000 | 65,836 | - |
| | | | <u>\$ 3,015,000</u> | <u>\$ -</u> | <u>\$ 200,000</u> | <u>\$ 2,815,000</u> | <u>\$ 145,638</u> | <u>\$ -</u> |
| 3/1/02 | 4.40-5.30% | 1,479,327 | \$ 1,085,000 | \$ - | \$ 88,000 | \$ 997,000 | \$ 53,332 | \$ - |
| Electric Capitalized Lease - Purchase of Generation Units | | | | | | | | |

CITY OF GREENFIELD, IOWA

**SCHEDULE OF BOND AND NOTE MATURITIES
GOVERNMENTAL FUNDS
AS OF AND FOR THE YEAR ENDED JUNE 30, 2008**

PRIMARY GOVERNMENT:

| PRIMARY GOVERNMENT: | GO T I F Debt | | GO T I F Debt | | Total |
|--------------------------|-------------------|------------------|-------------------|---------------------|---------------------|
| | Municipal | | Public Square | | Principal |
| | Building Notes | | Improvement Bonds | | |
| Date Issued | January 15, 1997 | | December 15, 2007 | | |
| Dates Interest Payable | Dec. 1 and June 1 | | Dec. 1 and June 1 | | |
| Date Callable | June 1, 2005 | | June 1, 2013 | | |
| Due in Year | Interest | | Interest | | |
| Ending June 30, | Rate | Principal | Rate | Principal | |
| 2009 | 5.30% | \$ 50,000 | 3.30% | \$ 55,000 | \$ 105,000 |
| 2010 | | - | 3.30% | 230,000 | 230,000 |
| 2011 | | - | 3.40% | 240,000 | 240,000 |
| 2012 | | - | 3.50% | 245,000 | 245,000 |
| 2013 | | - | 3.55% | 255,000 | 255,000 |
| 2014 | | - | 3.60% | 265,000 | 265,000 |
| 2015 | | - | 3.70% | 275,000 | 275,000 |
| 2016 | | - | 3.80% | 290,000 | 290,000 |
| 2017 | | - | 3.85% | 300,000 | 300,000 |
| 2018 | | - | 3.90% | 315,000 | 315,000 |
| Total Primary Government | | <u>\$ 50,000</u> | | <u>\$ 2,470,000</u> | <u>\$ 2,520,000</u> |

CITY OF GREENFIELD, IOWA

SCHEDULE OF BOND AND NOTE MATURITIES
 PROPRIETARY FUNDS
 AS OF AND FOR THE YEAR ENDED JUNE 30, 2008

| COMPONENT GOVERNMENT: | | | | | | | | | | | Total Principal |
|-----------------------|---------------|--------------------|-------------------------|--------------------|--------------------|--------------------|------------------|--|--|--|--------------------|
| General Obligation | | | Revenue Notes and Bonds | | | | Lease - Purchase | | | | |
| | Water | Electric | Electric | Electric | Electric | Electric | | | | | |
| Date Issued | June 10, 2004 | May 1, 2001 | July 1, 2003 | November 15, 2006 | March 1, 2002 | Sept. 1 and Mar. 1 | | | | | |
| Date Interest Payable | No Interest | Sept. 1 and Mar. 1 | Sept. 1 and Mar. 1 | Sept. 1 and Mar. 1 | Sept. 1 and Mar. 1 | Sept. 1 and Mar. 1 | | | | | |
| Date Callable | | September 1, 2010 | September 1, 2010 | September 1, 2010 | September 1, 2021 | | | | | | |
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CITY OF GREENFIELD, IOWA

**SCHEDULE OF RECEIPTS BY SOURCE AND DISBURSEMENTS BY FUNCTION
ALL GOVERNMENTAL FUNDS
FOR THE FOUR YEARS ENDED JUNE 30,**

| | 2008 | 2007 | 2006 | 2005 |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|
| RECEIPTS: | | | | |
| PRIMARY GOVERNMENT - | | | | |
| Property Tax | \$ 515,896 | \$ 541,790 | \$ 586,508 | \$ 469,793 |
| TIF Revenues | 206,200 | 195,133 | 156,844 | 125,951 |
| Other City Taxes | 167,996 | 162,127 | 41,747 | 6,792 |
| Licenses and Permits | 5,651 | 7,302 | 15,531 | 8,135 |
| Use of Money (Interest) and Property | 104,334 | 112,299 | 54,710 | 34,809 |
| Intergovernmental | 215,941 | 725,673 | 215,898 | 203,003 |
| Charges for Services | 44,525 | 47,390 | 53,719 | 50,071 |
| Special Assessments | 106,092 | - | - | - |
| Miscellaneous | 79,215 | 29,415 | 32,130 | 25,687 |
| Totals | <u>1,445,850</u> | <u>1,821,129</u> | <u>1,157,087</u> | <u>924,241</u> |
| LIBRARY COMPONENT - | | | | |
| Use of Money (Interest) and Property | 1,432 | 2,081 | 1,269 | 516 |
| Intergovernmental | 9,980 | 9,018 | 9,002 | 8,629 |
| Charges for Services | 1,202 | - | - | 36 |
| Miscellaneous | 5,829 | 7,459 | 8,393 | 1,967 |
| Totals | <u>18,443</u> | <u>18,558</u> | <u>18,664</u> | <u>11,148</u> |
| Total Government Receipts | <u>\$ 1,464,293</u> | <u>\$ 1,839,687</u> | <u>\$ 1,175,751</u> | <u>\$ 935,389</u> |
| DISBURSEMENTS: | | | | |
| PRIMARY GOVERNMENT - | | | | |
| Operating - | | | | |
| Public Safety | \$ 172,870 | \$ 210,538 | \$ 173,259 | \$ 208,209 |
| Public Works | 281,578 | 267,599 | 262,424 | 296,274 |
| Culture and Recreation | 93,386 | 87,398 | 112,134 | 108,943 |
| Community and Economic Development | 17,555 | 18,055 | 15,051 | 17,328 |
| General Government | 260,166 | 265,553 | 248,769 | 222,229 |
| Debt Service | 50,190 | 64,709 | 114,726 | 109,106 |
| Capital Projects | 2,932,314 | 2,662,994 | 765,230 | - |
| Totals | <u>3,808,059</u> | <u>3,576,846</u> | <u>1,691,593</u> | <u>962,089</u> |
| LIBRARY COMPONENT - | | | | |
| Culture and Recreation | 120,993 | 114,206 | 116,574 | 98,449 |
| Total Government Disbursements | <u>\$ 3,929,052</u> | <u>\$ 3,691,052</u> | <u>\$ 1,808,167</u> | <u>\$ 1,060,538</u> |

See Independent Auditors' Report.

CITY OF GREENFIELD, IOWA

OTHER REPORTS

O'Donnell, Ficenec, Wills & Ferdig, LLP

Certified Public Accountants

4815 South 107th Avenue Omaha, Nebraska 68127-1904

402-592-3800

Fax: 402-592-7747

www.ofwf.com

Gerald A. Wills, C.P.A.
Ronald W. Ferdig, C.P.A.
Lawrence A. Wolfe, C.P.A.
Richard P. Edgar, C.P.A.
Steven M. Povich, C.P.A.
John Keblesh, C.P.A.

Gregory A. Harr, C.P.A.
Dwain E. Wulf, C.P.A.
Daniel R. Holt, C.P.A.
Daniel A. Dudley, C.P.A.
Geoffrey F. Schnathorst, C.P.A.
Catherine T. Kellogg, C.P.A.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

City of Greenfield
Greenfield, Iowa

We have audited the accompanying financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, and each major fund of the City of Greenfield, Iowa, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements listed in the table of contents and have issued our report thereon dated December 9, 2008. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Greenfield's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with an other comprehensive basis of accounting such that there is more than a remote likelihood a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider deficiencies in internal control described in Part 2 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the City's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe items 2A, 2B and 2C to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Greenfield's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part 4, Item 08-4B, of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and the other legal matters about the City's operations for the year ended June 30, 2008, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audits were based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The City's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the City's responses, we did not audit the City's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Greenfield and other parties to whom the City of Greenfield may report. This report is not intended to be and should not be used by anyone other than these specified parties.

O'DONNELL, FICENEC, WILLS & FERDIG, LLP

By 
Certified Public Accountant

January 29, 2009

CITY OF GREENFIELD, IOWA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2008

PART 1: SUMMARY OF THE INDEPENDENT AUDITORS' RESULTS

- (a) An unqualified opinion was issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principals.
- (b) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including material weaknesses.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) The audit disclosed no audit findings which are required to be reported in accordance with *Government Auditing Standards*.

PART 2: FINDINGS RELATED TO THE FINANCIAL STATEMENTS:

Significant Deficiencies:

08-2A **Cash Accounts** - Finding comments about regular and timely bank account reconciliations were included in our prior year report. Even though the finding is significantly improved, the checking account was still not properly reconciled at June 30, 2008, and was out of balance by an amount smaller than what we determined significant for our audit procedures. This was caused primarily by not indentifying and recording all small differences discovered during the process of doing bank reconciliations to the general ledger cash checking account. Instead, these differences were accumulated and carried as a reconciling item on the bank reconciliation.

Also, as commented in the prior year, a single individual prepares checks, reconciles bank accounts and maintains the general ledger. Recording of receipts and writing and recording payroll are performed by a different employee. To the extent possible, duties should be segregated to serve as a check and balance for identifying errors, to eliminate errors in the monthly financial reports, and to maintain the best control system possible. A primary control action is the regular reconciliation of all cash accounts.

The City, Library and Greenfield Municipal Utilities each pool its cash into one checking account, one savings account and multiple certificates of deposit to manage their cash. However, each entity uses more than one self-balancing fund for accounting purposes and tracks how each fund shares in each of these cash types. An integral part of the bank reconciliation is verifying each fund's share in the overall cash balance.

Recommendation - All cash accounts should be reconciled timely and regularly. Further, alternating the reconciliations between two employees would increase the overall control. In addition, we recommend that each governing board be provided its own monthly cash report which would show total cash in each bank account and the amount of each fund's share in the overall pooled balance in checking, savings or certificates of deposit.

PART 2: FINDINGS RELATED TO THE FINANCIAL STATEMENTS: (Continued)

Response - New accounting software was installed in the prior year and personnel are still learning all the various reports and capabilities of the software. The new software is not only for general ledger accounting, but is an entire office front desk system whereby most functions of the city and utilities are recorded at electronic terminals at the time of the transaction. In addition, the City Clerk, who also oversees the utility accounting, is new and is not fully trained in application of the new software. This situation has improved from the prior year and will continue to improve as more experience is acquired with daily use of the software.

Conclusion - Response accepted.

08-2B Accurate Posting and Account Coding - Comments about posting and account coding errors were included in our prior year report. These errors continued to be a problem during the current year. This particular type of error is such that some errors may never be discovered.

Further, as this is a government entity with requirements to accurately track cash to the purpose for which the cash is received, an entry error to a wrong fund effects that fund's share of the overall cash balance and may cause violations with various statutes. In fact, one fund did show an overdraft which, after corrections, actually had a positive cash balance.

Recommendation - We suggest that posting errors should occur only on a very limited basis. Management should communicate the importance of accurate account coding and stress the need to exercise greater care and understanding of the chart of accounts. In addition, management should reinforce the need for regular financial reports and determine what steps need to be taken to ensure the reports they want for proper oversight.

Response - The City, Library and Greenfield Municipal Utilities do use the Iowa recommended chart of accounts and has adopted GASB No. 34 accounting principles to the extent practical for cash basis accounting. However, with the new accounting software and being a new Office Manager/City Clerk, the Clerk may be overburdened producing management financial reports, understanding the governmental chart of accounts and performing her duties of City Clerk. Management believes this situation will continue to improve as more experience is acquired with daily use of the software.

Conclusion - Response accepted. In fact, the new clerk has gained understanding from attendance at educational seminars offered by the State of Iowa. During the course of the annual audit, it was evident that progress has been made since the end of the fiscal year.

08-2C Timely and Accurate Financial Reports - Comments about delay of various accounting and reporting processes were included in our prior year report. Lack of having timely and correct financial information can impact management's ability to effectively maintain oversight of an organization. Critical areas such as financial analysis, budgetary control, cash flow, and compliance with various statutes can all be negatively impacted. Further, we believe that the lack of timely management reports removes the important control function of management oversight necessary with limited segregation of duties. Although this problem did improve during the current year, it is not resolved sufficiently to not comment this year.

Recommendation - We strongly suggest that whatever steps necessary be taken to ensure that the board receives current and accurate financial information on a timely basis. We further recommend that the reports be developed to come from the new software. This may require changing some work flow procedures or additional training on the new software. Once the reporting process is up to date, every effort must be made to maintain that status.

PART 2: FINDINGS RELATED TO THE FINANCIAL STATEMENTS: (Continued)

Response - With the new accounting software and being a new Office Manager/City Clerk, she may be overburdened producing management financial reports, understanding the governmental chart of accounts and performing her duties of City Clerk. The new Office Manager/City Clerk has no prior experience of working in a governmental environment. Management believes this situation will continue to improve as more experience is acquired with daily use of the software and further knowledge is gained of the governmental environment.

Conclusion - Response accepted.

08-2D **Unremitted Sewer Collections** - The Electric Utility, as a department of the GMU component, bills and collects sewer fees on behalf of the City and intends to remit collections back to the City. The policy is that collections be remitted monthly for amounts received during the previous month. We noted during our audit that two months from prior year collections had not yet been remitted to the city.

Recommendation - The Electric Utility should follow the policy of remitting the sewer fees collected every month.

Response - We will follow the auditor's recommendation.

Conclusion - Response accepted.

08-2E **Prior Year Findings** - In the prior year's schedule of findings and questioned costs, we had findings regarding employee benefit accounting, authorized check signers, journal entries for cash transactions and accounts receivable reconciliations. These findings have been corrected during the current year.

Instances of Non-Compliance:

See Item 08-3B of Part 3 regarding budget overspends.

PART 3: OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING:

08-3A **Official Depositories** - A resolution naming depositories for combined funds of the City and its components, Library and Utilities, have been approved by the City Council or Board of Trustees. The maximum deposit amounts stated in the resolution were not exceeded during the year. The depositories named and maximum deposit amounts authorized are as follows:

| | |
|---------------------|--------------|
| First National Bank | \$ 4,000,000 |
| Union State Bank | 4,000,000 |

08-3B **Certified Budget** - City disbursements during the year ended June 30, 2008, exceed the amount budgeted for the Capital Projects by \$2,932,314 caused by payment of short term financing debt with permanent financing debt funds. The overall project and debt was approved in the prior year. In addition, general government and business type activities proprietary funds' expenditures exceeded the amount budgeted by \$7,617 and \$10,467, respectively.

08-3C **Questionable Disbursements** - We noted no expenditures that we believe would constitute an unlawful expenditure from public funds as defined in an Attorney General's opinion dated April 25, 1979.

PART 3: OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING (Continued)

- 08-3D **Travel Expense** - No expenditures of money for travel expenses of spouses of officials or employees were noted.
- 08-3E **Business Transactions** - Business transactions between the City and Greenfield Municipal Utilities and their officials are immaterial and meet the guidelines of the Code of Iowa.
- 08-3F **Bond Coverage** - Surety bond coverage of officials and employees is in accordance with statutory provisions. However, we recommend the amount of coverage be reviewed annually to insure that the coverage is adequate for current operations. See the page listing the "Officials" for individual bond coverage amounts.
- 08-3G **Minutes** - No transactions were found that we believe should have been approved in the minutes, but were not. The minutes were published within the 15 days required by Chapter 372.13(6) of the Code of Iowa. We did note, however, total receipts were always included in the published minutes.
- 08-3H **Revenue Notes** - Revenue Bond and Note covenants require the set aside of money into Bond and Interest Funds, Bond Reserve Funds and Capital Improvement Reserve Funds. As of June 30, 2008, reserve requirements had been complied with.
- 08-3I **Deposits and Investments** - The Board of Trustees adopted a written investment policy statement as required by Chapter 12B.10B of the Code of Iowa and no instances of noncompliance were noted.